

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

*After 4pm*  
**RECEIVED**  
JUN 17 2003  
PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

**KENTUCKY UTILITIES COMPANY        )  
REVISED SPECIAL CONTRACT WITH    )  
NORTH AMERICAN STAINLESS, L. P.    )**

**CASE NO. 2003-00137**

**PETITION OF  
KENTUCKY UTILITIES COMPANY  
FOR CONFIDENTIAL TREATMENT**

Pursuant to 807 KAR 5:001 Section 7, Kentucky Utilities Company ("KU") hereby requests that the Public Service Commission ("Commission") grant confidential treatment to an electronic mail attachment ("Confidential Information") provided in response to Question 1 of the Requests For Information set forth in Appendix A to the Commission's order dated June 2, 2003, in the above-captioned proceeding. As discussed below, the Confidential Information includes terms, conditions and charges which, if disclosed, would damage KU's competitive position and business interest.

In support of this Motion, KU states as follows:

1. Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure information confidentially disclosed to it to the extent that open disclosure would permit an unfair commercial advantage to competitors of the entity whose information is so disclosed. *See* KRS 61.878 (1) (b) and (c). The public filing of rate schedules does not defeat the right of a utility to receive confidential treatment of the terms and conditions of special contracts. *See* KRS 278.160(3). Public disclosure of the Confidential Information would, in fact, prompt such a result, for the reasons set forth below.

2. The Confidential Information identifies the prices for and certain commercial terms applicable to KU's provision of electric service to a non-conforming load. Disclosure of this information would afford KU's customers and competitors a substantial advantage in future contractual negotiations. Specifically, KU would find itself at a clear competitive disadvantage in these circumstances, as there is little room for bargaining when a customer knows exactly what terms and conditions KU has offered to other similarly situated customers. So, too, competitors armed with this information would know exactly what they would have to offer to lure potential customers into their service territory, again placing KU at a distinct competitive disadvantage.

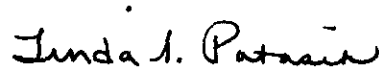
3. The Confidential Information also constitutes a trade secret under the two-prong test of KRS 365.880, affording further support for KU's requested confidential treatment. First, the economic value of the information is derived by not being readily ascertainable by other persons who might obtain economic value by its disclosure: only KU is in a position to determine the appropriate rates for serving a particular customer on its system. Second, the information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy, since, as noted above, KU's competitors and customers stand to gain a significant economic advantage by its disclosure.

4. Negotiation of the Confidential Information occurred in a confidential setting, and the parties have agreed to keep this information confidential. Likewise, the Confidential Information is not known outside of KU and the customer, and is not disseminated within KU except to those employees with a legitimate business need to know and act upon the information. Furthermore, these terms have been the subject of efforts by KU and the customer to maintain their secrecy; KU's assurance that it would seek confidential treatment was an essential prerequisite to entering into serious contractual negotiations.

5. In accordance with the provisions of 807 KAR 5:001 Section 7, KU is filing with the Commission one unredacted copy of the electronic mail attachment, and 10 copies with the Confidential Information redacted.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission classify and protect as confidential the Confidential Information contained in the above-referenced electronic mail attachment.

Respectfully submitted,



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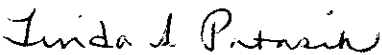
**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Petition was served by mailing a true and correct copy, via UPS delivery, to the following persons on the 17th day of June, 2003.

Honorable Nathan Adams  
North American Stainless  
6870 Highway 42 East  
Ghent, Kentucky 41045

Honorable Richard S. Taylor  
Attorney at Law  
225 Capital Avenue  
Frankfort, Kentucky 40601

Honorable William H. Jones, Jr.  
Attorney at Law  
VanAntwerp, Monge, Jones & Edwards  
1544 Winchester Avenue 5<sup>th</sup> Floor  
P. O. Box 111  
Ashland, Kentucky 41105-1111



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502-627-2557  
Counsel for Kentucky Utilities Company

**From:** Freibert, Charlie  
**Sent:** Thursday, July 11, 2002 6:15 PM  
**To:** Bush, Howard; Hensley, Betty  
**Cc:** Cummins, Don; Phillips, Steven; Martin, Charlie; Brunner, Bob  
**Subject:** NAS June Invoice, discussions with Miguel

Howard and Betty,

Just want to confirm that Don and I have talked with Miguel Sanchez today. He understands that the invoice for June will be an "estimate". Please place somewhere in the heading on the June invoice the following statement; **"Estimated Invoice pending execution of an amended contract and KY PSC approval of this amended contract"**.

From our discussion today an understanding was reached on the following:

1. The minimum monthly demand will be based on ■■■ MWs of power but this minimum monthly demand payment will reflect the carrying charge on our transmission invest for ■■■ MWs of transmission, thus, ■■■ instead of ■■■ per month. The 15 minute peak demand on and off peak in a month could be high enough to exceed this minimum amount. [Howard, Should we increase the on peak demand from ■■■/kw-mo to ■■■/kw-mo to show the usage of ■■■ MWs of power and ■■■ MWs of transmission??]
2. After reviewing June's 15 minute demand readings Miguel concluded that ■■■ MWs should be the minimum firm demand. Miguel wishes to make this amount the very minimum amount without incurring a penalty when curtailed. Expect Miguel to change this amount to a lower number in the draft amendment, perhaps to ■■■ MWs.
3. The curtailment credit of ■■■/kw-mo will be applied to the maximum hourly demand on peak minus the greater of ■■■ MWs or the maximum hourly demand when curtailed.
4. NAS will receive ■■■/kw-mo times the maximum hourly demand on peak during the prior month. On this topic I requested that NAS consider eliminating this option in the amendment in return for us lowering their minimum demand; NAS saves ■■■/mo on lowering the minimum demand and eliminating this option would save us approximately ■■■ – NAS net saving ■■■. I expect Miguel to counter.

Miguel has asked for an explanation of the curtailment penalty. Please confirm that I have described it correctly as follows:

For the maximum hourly demand during a curtailment that exceeds ■■■ MWs NAS will be penalized ■■■/kw-mo times this maximum amount that exceeds ■■■ MWs for the current month and the next 11 months. Plus NAS will lose the ■■■/kw-mo credit times this maximum amount that exceeds ■■■ MWs for the current month and the next 11 months. Each non-compliance starts another 12 months of penalties based on the maximum hourly demand during a curtailment that exceeds ■■■ MWs during the current and preceding 11 months. In other words, failure to comply with a curtailment results in NAS losing the ■■■/kw-mo credit and paying a ■■■/kw-mo penalty on the maximum amount of hourly demand above ■■■ MWs during a curtailment.

Attached is the amended contract originated by Howard with a few revisions from me. I need to email this draft to Miguel tomorrow morning.



**NAScontract071  
102.doc (41 KB)**

Thanks Charlie